

**7/18/77 [1]**

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THE PRESIDENT'S SCHEDULE

Monday - July 18, 1977

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7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.  
(20 min.)

9:00 Meeting of the Cabinet. (Mr. Jack Watson).  
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.  
The Oval Office.

1:00 Meeting with Mr. Sam Brown, Director of  
(20 min.) ACTION. (Mr. Hamilton Jordan) - Oval Office.

1:30 Mr. Bert Lance - The Oval Office.  
(20 min.) Last 5 minutes: Greet Messrs. Dick  
Kattel, Gordon Jones and David Smoak.

2:00 Interview with Mr. Vince Sanders, National  
(20 min.) News Director of National Black Network.  
(Mr. Jody Powell) - The Oval Office.

2:30 Vice President Walter F. Mondale and  
(20 min.) Attorney General Griffin Bell - Oval Office.  
(Mr. Robert Lipshutz) - The Cabinet Room.

5:00 Secretary Cyrus Vance/Briefing on Foreign  
(2 hrs.) Policy - The Family Theater.

THE WHITE HOUSE  
WASHINGTON  
July 18, 1977

Frank Press

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jim Schlesinger

RE: RELEASE OF FOSSIL CO<sub>2</sub>

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER	X	PRESS
	CLOUGH		B. RAINWATER
	FALLOWS	X	SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Schlesinger comment: The issue raised by Press is not new. The experts all agree that more information is needed. The energy plan indicates that nearly \$3 million was being requested for ERDA to study the long-term effects of CO<sub>2</sub>. Schlesinger feels that the policy implications of the issue are still too uncertain to warrant presidential involvement or policy initiatives. Schlesinger is examining the issue in the preparation of the FY 79 budget, and will, at that time, have the full report of the NAS study and further results from ERDA.

Rick



~~THE~~ PRESIDENT'S OFFICE SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20500

July 7, 1977

MEMORANDUM TO THE PRESIDENT

From: Frank Press *HP*

Subject: Release of Fossil CO<sub>2</sub> and the Possibility of a Catastrophic Climate Change

Fossil fuel combustion has increased at an exponential rate over the last 100 years. As a result, the atmospheric concentration of CO<sub>2</sub> is now 12 percent above the pre-industrial revolution level and may grow to 1.5 to 2.0 times that level within 60 years. Because of the "greenhouse effect" of atmospheric CO<sub>2</sub>, the increased concentration will induce a global climatic warming of anywhere from 0.5° to 5°C. To place this in perspective, a  $\Delta T$  of 5°C would exceed in 60 years the normal temperature swing between an ice age and a warm period which takes place over tens of thousands of years.

The potential effect on the environment of a climatic fluctuation of such rapidity could be catastrophic and calls for an impact assessment of unprecedented importance and difficulty. A rapid climatic change may result in large scale crop failures at a time when an increased world population taxes agriculture to the limits of productivity. The urgency of the problem derives from our inability to shift rapidly to non-fossil fuel sources once the climatic effects become evident not long after the year 2000; the situation could grow out of control before alternate energy sources and other remedial actions become effective. Natural dissipation of CO<sub>2</sub> would not occur for a millenium after fossil fuel combustion was markedly reduced.

As you know this is not a new issue. What is new is the growing weight of scientific support which raises the CO<sub>2</sub>-climate impact from speculation to a serious hypothesis worthy of a response that is neither complacent nor panicky. The authoratative National Academy of Sciences has just alerted us that it will issue a public statement along these lines in a few weeks.

The present state of knowledge does not justify emergency action to limit the consumption of fossil fuels in the near term. However, I believe that we must now take the potential CO<sub>2</sub> hazard into account in developing our long-term energy strategy. Beyond conservation, we must be prepared to exploit nuclear energy more fully. As insurance against over-reliance on a nuclear energy economy, we should emphasize targeted basic research which could lead to breakthroughs for solar electric, biomass conversion or other renewable energy sources. I am already working with OMB and other Federal agencies on a national climate research program which would lead to a better assessment of the CO<sub>2</sub> hazard. If you agree, I will work with OMB, ERDA, FEA, and NSF on alternate strategies for R&D, responsive to a possible CO<sub>2</sub> hazard.

Electrostatic Copy Made  
for Preservation Purposes



THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Stu Eizenstat  
Bert Lance  
Jim Schlesinger

For your information.

The attached will be sent  
to the President on Monday,  
July 11.

Rick Hutcheson

RE: RELEASE OF FOSSIL CO<sub>2</sub>

THE WHITE HOUSE


WASHINGTON

July 8, 1977

MEMORANDUM FOR:

RICK HUTCHESON

FROM:

JIM SCHLESINGER 

SUBJECT:

MEMO TO THE PRESIDENT ON CO<sub>2</sub>

As Frank Press' memo indicates, the potential climatological impacts of CO<sub>2</sub> is not a new issue. At the moment, the experts all agree that we need further information. The National Energy Plan recognized it and indicated that nearly \$3 million was being requested for ERDA to study the long-term effects of CO<sub>2</sub>. This effort by ERDA and the NAS study noted by Press are discussed in the attachment.

My view is that the policy implications of this issue are still too uncertain to warrant Presidential involvement and policy initiatives. We intend to consider this issue in the preparation of the FY 1979 budget--both in terms of funding for further research on the problem and the priority for alternative energy technologies. At that time we will have the full report of the NAS study and further results from ERDA.



THE WHITE HOUSE  
WASHINGTON  
July 7, 1977

Stu Eizenstat  
Bert Lance  
Jim Schlesinger

For your information.

The attached will be sent  
to the President on Monday,  
July 11.

Rick Hutcheson

RE: RELEASE OF FOSSIL CO<sub>2</sub>

7/8/77  
TO  
Don Finner  
12 noon  
7/10/77  
F3

12:5 PM -8 JUL 11 1977

THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Hugh Carter

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Hamilton Jordan  
Bob Lipshutz

RE: CAMP DAVID

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
	X	JORDAN	EXECUTIVE ORDER
	X	LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
X	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE



Electrostatic Copy Made  
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 12, 1977

*Hugh  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Camp David

Some of the senior staff have made inquiries about the possible use of Camp David. The purpose of this memorandum is to obtain your guidance for its use.

BACKGROUND

Camp David utilization has averaged 30% over the last three years. It has typically been used by the President, Presidential invitees, visiting Heads of State, Senior Staff and Cabinet. Use has been for both meetings and relaxation. Overnight accommodations for 8 to 10 are possible on an ongoing basis (exclusive of Aspen), and maximum meal service is 30.

The majority of the Camp David staff is required to maintain the facility in a condition ready for use by the President and Presidential invitees, and in support of other ongoing functions.

These other functions include support of a 32 man WHCA contingent that mans the communication backup system for Washington, support to nearby relocation sites, and the full range of services (supply, laundry, medical, etc.) that must be provided to the staff and families of a military facility.

Total staffing at Camp David was recently reduced by 15%. Unless the mission of the facility is changed considerably, few, if any, additional cut backs are possible. Per your instructions, no additional facilities will be added. The present facilities will be properly maintained.

FUTURE USE

A maximum usage level of 40% is possible without incurring additional expense. This would allow more widespread use of Camp David and a more effective use of resources. If you approve of this concept of use of Camp David by others, we will establish the necessary guidelines and develop a fair plan. This would include the proviso that Camp David would not be used by others when you are there unless your specific permission is obtained. And, all persons using the facility would be billed for their food.

✓  
\_\_\_\_\_  
Approve Use by Others

\_\_\_\_\_  
Disapprove

*Let me see  
outline of specific  
proposal. Who?  
When? J*

THE WHITE HOUSE  
WASHINGTON

Date: June 22, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza Joe Aragon  
Stu Eizenstat *nc* Z. Brzezinski  
*attended* Hamilton Jordan Richard Harden  
*attended* Bob Lipshutz Jim King  
Frank Moore Tim Kraft *nc*  
Jody Powell Bunny Mitchell  
Jack Watson - *Archon*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter's memo 6/22/77 re Camp David

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: June 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE

WASHINGTON

June 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Camp David

Some of the senior staff have made inquiries about the possible use of Camp David and the purpose of this memorandum is to obtain your guidance for Camp David's use.

BACKGROUND

Camp David utilization has averaged 30% over the last three years. It has typically been used by the President, Presidential invitees, visiting Heads of State, Senior Staff and Cabinet. Use has been for both meetings and relaxation. Overnight accommodations for 8 to 10 are possible on an ongoing basis (exclusive of Aspen), and maximum meal service is 30.

The majority of the Camp David staff is required to maintain the facility in a condition ready for use by the President and Presidential invitees, and in support of other ongoing functions.

These other functions include support of a 32 man WHCA contingent that mans the communication backup system for Washington, support to nearby relocation sites, and the full range of services (supply, laundry, medical, etc.) that must be provided to a military facility that includes 206 people with 140 families located nearby. You should be aware that total staffing at Camp David has been recently reduced from 241 to its present 206 (a 15% reduction).

FUTURE USE

If use is continued at the present level (President, First Family, invitees) we would make a 75% cut in the portion of the work force that is dedicated solely to visits, saving 6 people or \$72,000 in salaries. If use is any higher than it is now, no savings are obtainable. However, a maximum usage level of 40% is possible without incurring additional expense.



In determining how you want Camp David used, the following are possibilities to consider:

- \_\_\_\_\_ Allow Cabinet level to use (16 people)
- \_\_\_\_\_ Also allow Senior White House Staff to use (another 16)
- \_\_\_\_\_ Limited use - by Presidential invitation only
- \_\_\_\_\_ Families of the above
- \_\_\_\_\_ Friends of the above (if principal is present)

HOW TO USE

- \_\_\_\_\_ Meetings only
- \_\_\_\_\_ Relaxation
- \_\_\_\_\_ Meetings and relaxation

WHEN TO USE

- \_\_\_\_\_ Anytime First Family is not present
- \_\_\_\_\_ Others use only on Monday through Thursday (This keeps it open so First Family does not have to "bump" people on weekends)
- \_\_\_\_\_ Others can use when First Family is present

Obviously, when more people are allowed to use Camp David, the options become more complex and scheduling requires more effort.

Once you have indicated the direction you want to take on Camp David's use, my office will work out the necessary details.

THE WHITE HOUSE  
WASHINGTON

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

MEMORANDUM

NATIONAL SECURITY COUNCIL

4038

June 24, 1977

MEMORANDUM FOR RICK HUTCHESON

FROM:

*Christine Dodson*  
Christine Dodson *JD*

SUBJECT:

Camp David

In response to your request for NSC comments on Hugh Carter's memo on Camp David, it should continue to be available, if considered desirable, for visiting Heads of State and Government, who may wish to meet with the President in a private and informal location.



THE WHITE HOUSE

WASHINGTON

Date: June 22, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza	<u>Joe Aragon</u>
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	Richard Harden
Bob Lipshutz	Jim King
Frank Moore	Tim Kraft
Jody Powell	Bunny Mitchell
Jack Watson	

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter's memo 6/22/77 re Camp David

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: June 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:



THE WHITE HOUSE

WASHINGTON

June 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Camp David

Some of the senior staff have made inquiries about the possible use of Camp David and the purpose of this memorandum is to obtain your guidance for Camp David's use.

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- ☒ Allow Cabinet level to use (16 people)
- ☒ Also allow Senior White House Staff to use (another 16)
- ☐ Limited use - by Presidential invitation only
- ☐ Families of the above
- ☐ Friends of the above (if principal is present)

HOW TO USE

- ☐ Meetings only
- ☐ Relaxation
- ☒ Meetings and relaxation

WHEN TO USE

- ☒ Anytime First Family is not present
- ☐ Others use only on Monday through Thursday  
(This keeps it open so First Family does not have to "bump" people on weekends)
- ☐ Others can use when First Family is present

Obviously, when more people are allowed to use Camp David, the options become more complex and scheduling requires more effort.

Once you have indicated the direction you want to take on Camp David's use, my office will work out the necessary details.



OK  
6/25/77  
Ry

THE WHITE HOUSE  
WASHINGTON

HUGH:

HERE ARE THE COMMENTS ON  
YOUR CAMP DAVID MEMO. I  
ASSUME YOU PLAN TO EDIT  
IT SOMEWHAT IN LIGHT OF  
HAMILTON'S NOTE.

RICK



THE WHITE HOUSE

WASHINGTON

June 23, 1977

MEMORANDUM FOR HUGH CARTER

FROM: HAM JORDAN *H.J.*

Some comments about your memo - not for inclusion in memorandum to the President.

I don't think that you have presented the President all of the positive reasons for making Camp David available to certain persons on a limited basis,

For example, you should point out that staff persons who used Camp David would pay for meals just as we do at the White House.

Also, by pointing out the actual numbers of persons it takes to maintain Camp David at even the present reduced level, the President is going to come back and say "too many - cut further"....you would do better to point out the percentage reduction that has already taken place and make the point that a maximum usage level is possible without incurring additional expense.

He is not going to look kindly on anything that appears that the government is subsidizing our leisure time and/or vacations.

I would not put him in the position of deciding who has usage--that complicates things--instead I would suggest that you ask the President to approve the concept of use by others, establish guidelines for that use, and let us come up with a fair plan; the Cabinet members have so many perks of their own that I don't see any good reason that Camp David should be made available to them; however if you present the President with that as an option, he will allow them to go.

I would just suggest a different approach to the President if the desired result is he will let some of us have use of Camp David.



THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson

RE: Camp David

I would recommend the widest possible use of Camp David for Cabinet members and White House staff consistent with the following two standards:

1. The President's and his family's use of the facilities should not be inconvenienced or "crowded" in any way. Unquestionably, in my mind, the overwhelming usefulness of Camp David is as an accessible and readily available respite for the President.

2. If the President decides to open up the use of Camp David to Cabinet members and White House staff, that additional use should not impose or incur additional costs. If I understand Hugh's memorandum correctly, a 40% utilization level of Camp David would be possible without incurring any additional expense. If that is correct, I think we should expand, subject to condition 1, to a 40% usage level.



## THE WHITE HOUSE

WASHINGTON

Date: June 22, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza	Joe Aragon
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	Richard Harden
Bob Lipshutz	Jim King
Frank Moore	Tim Kraft
Jody Powell	<u>Bunny Mitchell</u>
Jack Watson	

## FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter's memo 6/22/77 re Camp David

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Friday

DATE: June 24, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

*Permit Cabinet / Senior W.H. Staff to use facilities for  
relaxation / meetings when First Family is not present.  
Scheduling should be on a "first-come - first-served" basis unless  
trades can be negotiated. Requesting cabinet officers / staff  
must be present with guests.*

*Bunny Mitchell*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required  
material, please telephone the Staff Secretary immediately. (Telephone 7052)



THE WHITE HOUSE

WASHINGTON

Date: June 22, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza	Joe Aragon
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	Richard Harden
<u>Bob Lipshutz</u>	Jim King
Frank Moore	Tim Kraft
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DATE: June 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

*3/24/77*  
*from Bob Lipshutz*

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*I recommend that the President authorize his invitees only when he and/or his family is there. At other times I recommend that facilities be made available on a liberal basis for cabinet level and senior staff persons, their families and friends - for both meetings and relaxation.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.



THE WHITE HOUSE

WASHINGTON

353

*Camp  
Rubenstein*

Date: June 22, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza	Joe Aragon
<u>Stu Eizenstat</u>	Z. Brzezinski
Hamilton Jordan	Richard Harden
Bob Lipshutz	Jim King
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ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment. *Stu Eizenstat*



## THE WHITE HOUSE

WASHINGTON

Date: June 22, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza	Joe Aragon
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	Richard Harden
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## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.

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6/23

Date: June 22, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza	Joe Aragon
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	<u>Richard Harden</u>
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TIME: 4:00 PM

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DATE: June 24, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☒ I concur.☐ No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required  
material, please telephone the Staff Secretary immediately. (Telephone 3052)



THE WHITE HOUSE

WASHINGTON

Date: June 22, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza	Joe Aragon
Stu Eizenstat	Z. Brzezinski
Hamilton Jordan	Richard Harden
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TIME: 4:00 PM

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ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*Don't think others should see white  
first family then makes mistake. Don't see  
problem with hanging in weekends though.*



THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Jody Powell  
Bert Lance  
Jack Watson

The attached was returned in the President's outbox today. It is forwarded to you for your information and appropriate handling.

The signed original has been forwarded to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: EXCESSIVE PLANNING REQUIREMENTS  
OF FEDERAL GRANTS



THE WHITE HOUSE  
WASHINGTON

Mr. President:

Lipshutz, Eizenstat, and Harden  
concur. Hamilton has no comment.

Stu believes that the planning  
requirements are closely bound  
with policy objectives and asks  
to work with Bert and Jack in  
this effort in a secondary role  
to them.

Rick (wds)

THE WHITE HOUSE  
WASHINGTON

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
X	POWELL
Y	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

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	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
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	SMITH
	STRAUSS
	WELLS
	VOORDE



~~THE PRESIDENT HAS SEEN~~

THE WHITE HOUSE  
WASHINGTON

Let Jody  
handle PR  
J

July 11, 1977

MEMORANDUM FOR: The President  
FROM: Jack Watson and Bert Lance *Jack*  
SUBJECT: Excessive Planning Requirements *B. Lance*  
of Federal Grants

At the recent Commerce Department budget review you, the Vice President and others expressed concern about excessive planning requirements for recipients of federal grants. We think this issue should be addressed now in the context of the FY 79 budget formulation, the reorganization effort and our recently initiated project on federal aid administration.

The following points illustrate the problem:

- The number of plans which must be prepared by state and local grantees is staggering: At least 80 separate state plans and 32 substate regional plans must be developed; of the state plans, 9 are mandated in the health area alone, while 5 are required for grants to feed school children;
- Most plans require the annual recitation of relatively unchanging information regarding legal authority, socio-demographic characteristics, organizational patterns, accounting and auditing systems, etc., thereby making the paperwork burden unnecessarily burdensome; and
- Most plans have their own formats, timetables for submission and narrow prescribed purposes, making it almost impossible to coordinate related federal programs, or to integrate them with the jurisdiction's own planning and budgeting processes. (For example, such intrinsically related functions as health, mental health, drug abuse, alcoholism, health for the aging, health for the indigent poor, emergency medical services and health manpower are planned by different, often competing,

agencies whose jurisdictions are overlapping and often confusing--e.g., in the Puget Sound area, 7 multi-county and 12 single-county planning agencies are designated to develop federal plans.)

In addition to these requirements for plans, most of the over 440 federal grants to state and local governments have applications which require evidence of planning. Often such planning must be in accordance with myriad cross-cutting grant requirements, such as equal employment opportunity, citizen participation, environmental protection, historic site preservation, coastal zone management, uniform relocation assistance and prevailing wage. Furthermore, these requirements are often overlapping, contradictory, and subject to different interpretations by different enforcement agencies. Because of interpretation problems, for example, applicants for airport construction grants must file two noise pollution abatement statements, one for EPA and the other for FAA. These cross-cutting requirements affect not only planning but the overall pattern of federal aid administration. We intend to address the implications of these requirements for planning in this review process. The President's Reorganization Project and the overall effort to reduce the burden of regulations offer forums for the broader consideration of these matters.

#### Recommendation

We propose that the Administration immediately commence a zero-base review of all plans required of state and local governments for the receipt of federal funds. This review would be coordinated by OMB, with each agency asked to:

- Compile a list of all plans currently required for grantees of programs;
- Indicate any reasons these plans could not be eliminated altogether, combined with other plans, or required only a multi-year, rather than annual, basis; and
- Designate a high-level staff person from the Department to coordinate the agency's zero-base review and to serve on an OMB interagency task force which would address problems related to planning, such as simplifying the cross-cutting grant requirements and consolidating some of the 30-40 federal planning assistance grant programs.



Action

Attached for your review is a draft Presidential directive to Cabinet officers and Executive Agency Heads ordering a government-wide zero-base review of all federally required plans and creating an interagency task force of departmental policy-makers to participate in the review.

The directive imposes a 120-day deadline for the agency/OMB zero-base review. It presumes that, unless contrary to statute, only those plans would remain (1) for which there is demonstrated to be a compelling need and (2) which are shown to reflect the operational priorities of chief elected officials. We would seek to combine or require only on a multi-year basis those plans which met these tests. Jack would work with OMB to prepare a final report for you. Based on your decisions, we would develop appropriate legislation to seek the elimination or modification of statutory planning requirements.

This proposal is designed to fit the schedule of the budget review process. It would also be coordinated with a review now being conducted by OMB and the National Governors' Conference of federal spending priorities which affect the states.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Review of Federal Plan Requirements  
for Domestic Assistance

Planning is a vital part of making any decision. State and local governments, however, have become plagued by too much of a good thing. The Federal requirements for State, regional, and local plans are unnecessarily numerous, and often overlap each other or conflict with local programs. The result is that everyone is overburdened by paperwork, and the original thrust of many of these plans is lost in the shuffle.

Accordingly, I am ordering a zero-based review of all Federal requirements that State and local governments submit plans when asking for assistance. All requirements, except for those established by Federal statute, should be abolished, combined with other plans or required only on a multi-year, rather than an annual basis. The requirement should remain in cases where 1) a compelling need is demonstrated, and 2) where the requirements reflect the wishes of top elected officials.

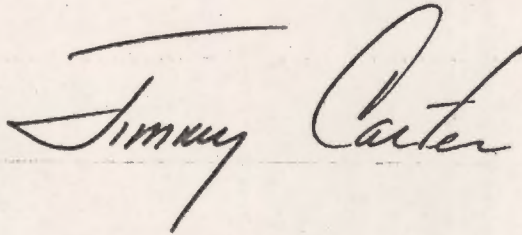
I have designated OMB to help each department carry out its review, with the goal of submitting final recommendations to me by November 30. I have also asked the White House intergovernmental staff to assist with the project.

As much as possible, each department should open its review to public participation. I also urge you to confer with Congress about eliminating any plan requirements established by statute which you do not believe are necessary.



I consider this an important part of our effort to make the government more efficient and productive. To ensure that it is successful, I request that you designate a high-level staff person to coordinate the review and to serve on an interdepartmental task force. This committee will examine any possible overlapping in the remaining plan requirements. OMB will be in charge.

I hope for prompt results from this effort. Specifically, I expect the number and complexity of planning requirements for Federal aid to be sharply reduced. Moreover, I want you to make a continuing effort to assure that no requirements are established unless they are essential to meet the responsibilities of government.

x  Jimmy Carter

THE WHITE HOUSE

WASHINGTON

Date: July 11, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *staked*

Bob Lipshutz *concur my plan*

FOR INFORMATION:

The Vice President

Hamilton Jordan *no*

Frank Moore

Hugh Carter

Richard Harden *concur*

Charlie Schultze

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Watson/Lance memo dated 7/11/77 re Excessive Planning  
Requirements of Federal Grants

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: July 13, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
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<input checked="" type="checkbox"/>	EIZENSTAT
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<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input checked="" type="checkbox"/>	FOR STAFFING
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<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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<input type="checkbox"/>	IMMEDIATE TURNAROUND

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THE WHITE HOUSE

WASHINGTON

July 11, 1977

MEMORANDUM FOR: The President *Jack*  
FROM: Jack Watson and Bert Lance *B. Lance*  
SUBJECT: Excessive Planning Requirements  
of Federal Grants

At the recent Commerce Department budget review you, the Vice President and others expressed concern about excessive planning requirements for recipients of federal grants. We think this issue should be addressed now in the context of the FY 79 budget formulation, the reorganization effort and our recently initiated project on federal aid administration.

The following points illustrate the problem:

- The number of plans which must be prepared by state and local grantees is staggering: At least 80 separate state plans and 32 substate regional plans must be developed; of the state plans, 9 are mandated in the health area alone, while 5 are required for grants to feed school children;
- Most plans require the annual recitation of relatively unchanging information regarding legal authority, socio-demographic characteristics, organizational patterns, accounting and auditing systems, etc., thereby making the paperwork burden unnecessarily burdensome; and
- Most plans have their own formats, timetables for submission and narrow prescribed purposes, making it almost impossible to coordinate related federal programs, or to integrate them with the jurisdiction's own planning and budgeting processes. (For example, such intrinsically related functions as health, mental health, drug abuse, alcoholism, health for the aging, health for the indigent poor, emergency medical services and health manpower are planned by different, often competing,



agencies whose jurisdictions are overlapping and often confusing--e.g., in the Puget Sound area, 7 multi-county and 12 single-county planning agencies are designated to develop federal plans.)

In addition to these requirements for plans, most of the over 440 federal grants to state and local governments have applications which require evidence of planning. Often such planning must be in accordance with myriad cross-cutting grant requirements, such as equal employment opportunity, citizen participation, environmental protection, historic site preservation, coastal zone management, uniform relocation assistance and prevailing wage. Furthermore, these requirements are often overlapping, contradictory, and subject to different interpretations by different enforcement agencies. Because of interpretation problems, for example, applicants for airport construction grants must file two noise pollution abatement statements, one for EPA and the other for FAA. These cross-cutting requirements affect not only planning but the overall pattern of federal aid administration. We intend to address the implications of these requirements for planning in this review process. The President's Reorganization Project and the overall effort to reduce the burden of regulations offer forums for the broader consideration of these matters.

#### Recommendation

We propose that the Administration immediately commence a zero-base review of all plans required of state and local governments for the receipt of federal funds. This review would be coordinated by OMB, with each agency asked to:

- Compile a list of all plans currently required for grantees of programs;
- Indicate any reasons these plans could not be eliminated altogether, combined with other plans, or required only a multi-year, rather than annual, basis; and
- Designate a high-level staff person from the Department to coordinate the agency's zero-base review and to serve on an OMB interagency task force which would address problems related to planning, such as simplifying the cross-cutting grant requirements and consolidating some of the 30-40 federal planning assistance grant programs.

Action

Attached for your review is a draft Presidential directive to Cabinet officers and Executive Agency Heads ordering a government-wide zero-base review of all federally required plans and creating an interagency task force of departmental policy-makers to participate in the review.

The directive imposes a 120-day deadline for the agency/OMB zero-base review. It presumes that, unless contrary to statute, only those plans would remain (1) for which there is demonstrated to be a compelling need and (2) which are shown to reflect the operational priorities of chief elected officials. We would seek to combine or require only on a multi-year basis those plans which met these tests. Jack would work with OMB to prepare a final report for you. Based on your decisions, we would develop appropriate legislation to seek the elimination or modification of statutory planning requirements.

This proposal is designed to fit the schedule of the budget review process. It would also be coordinated with a review now being conducted by OMB and the National Governors' Conference of federal spending priorities which affect the states.



ATTACHMENT

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT:           Review of Federal Plan Requirements  
                    for Domestic Assistance

Although planning is an indispensable tool for defining objectives, determining appropriate actions and allocating resources, it has become an unnecessarily burdensome paperwork chore for state and local governments. The federal requirements for state, substate, regional and local plans are numerous, often overlapping and uncoordinated with similar federal programs and with local decision-making processes.

Accordingly, I am ordering a government-wide, zero-base review of all federal plan requirements related to domestic assistance. The presumption is that unless contrary to statute, all plans should be abolished or, alternatively, combined with other plans or required only on a multi-year, rather than an annual basis. The plans should remain (1) for which there is demonstrated to be a compelling need and (2) which are shown to reflect the operational priorities of chief elected officials.

I have designated OMB to take the lead in providing you and your staff with instructions and working with you to carry out this review, with the goal of submitting final recommendations to me by November 30. I have also asked the White House inter-governmental staff to work closely with OMB and the Departments on this project.

Each agency should provide for open and public participation in its review process to the maximum extent consistent with an expeditious review. I also urge you to confer with Congress about eliminating any plan requirements established by statute which you do not believe meet these standards.

I consider this an important part of our effort to improve the management practices of government. To ensure that it is successful, I am requesting that you designate a high-level staff person to coordinate the zero-base review and to serve on an

interagency task force which will address cross-cutting issues relating to the remaining plan requirements and relating to federal financial planning assistance programs. OMB will convene the task force.

I hope for prompt results from this effort. Specifically, I expect the number of plans and complexity of planning requirements for federal aid to be sharply reduced. Moreover, I want you to undertake a continuing effort to assure that no plan requirements are established unless they are essential to meet the responsibilities of the government.



Date: July 11, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Bob Lipshutz

## FOR INFORMATION:

The Vice President  
Hamilton Jordan  
Frank Moore  
Hugh Carter  
Richard Harden  
Charlie Schultze

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Watson/Lance memo dated 7/11/77 re Excessive Planning  
Requirements of Federal GrantsYOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: July 13, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☒ No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

7/11

Date: July 11, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Bob Lipshutz

## FOR INFORMATION:

The Vice President  
Hamilton Jordan  
Frank Moore  
Hugh Carter  
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TIME: 12:00 NOON

DAY: Wednesday

DATE: July 13, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

*Strongly agree**RMH*PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE

WASHINGTON

July 13, 1977

MEMORANDUM FOR: RICK HUTCHESON  
FROM: STU EIZENSTAT *Sh*  
SUBJECT: Watson/Lance Memo  
re Excessive Planning

I concur in the recommendations made by Bert Lance and Jack Watson. Because planning requirements are closely bound up with policy objectives, I would ask to work with Bert and Jack in this effort, though in a clearly secondary role to them.

THE WHITE HOUSE  
WASHINGTON

Mr. President--

We wrote this from Brzezinski's outline and gave him a draft today; however, he has not given us his comments.

JL. Fallms



THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Jim Fallows -

The attached was returned in the President's outbox today. It is forwarded to you for appropriate handling. No other comments were made.

Rick Hutcheson

RE: ZBIG'S COMMENTS ON SPEECH DRAFT

THE WHITE HOUSE  
WASHINGTON

*1st page only  
of speech draft*

ACTION  
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Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

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~~THE~~ PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 16, 1977

TO: The President

FROM: Fran *fran*

RE: ZBIG'S COMMENT ON FALLOWS' SPEECH DRAFT.

Generally good but he thinks it is "much too much on human rights and tone is somewhat too sharp against the Soviets."

He is re-working the Fallows' draft to accomodate those two criticisms and suggests you may wish for the later draft to be completed before devoting a lot of time to it.

Zbig plans to have it for you Monday.

**Electrostatic Copy Made  
for Preservation Purposes**

July 21 SPEECH

*Doesn't say  
anything - J*

I would like to talk with you today about our foreign policy, which will shape the chances for peace for us and for our children.

Compared to most of our century, the world of 1977 seems blessed with outward calm. Tension crackles from the Middle East to Southern Africa. But by history's standards, few wars are being fought. For the moment, there is relative tranquility.

Yet the challenges we face are no less important than when we have to adjust our policies to meet sudden crises and unexpected convulsions. We face the harder task of altering them to meet new situations that have gradually developed over a long period of time.

Today, ideas shape nations. We have influenced other nations by our ideals, and we in turn have been influenced by the ideas of others. Nowhere is the need to understand the aspirations of developing countries greater than in the relationships they have with powerful countries like ourselves.

For the last thirteen years, the United States and Panama have been at the negotiating table, trying to define the future of the Panama Canal in a way that takes proper account of the great changes occurring in the world.

We have been at that table many times before. Yet many people in our country wonder why we need a new treaty. We



feel the Canal is ours, as a Republican Senator recently put it, because "we stole it fair and square."

We need not criticize the motives of either the Panamanians or the Americans who signed their name to that treaty to recognize that its terms are the product of a bygone age.

The treaty was signed in the heyday of colonialism, when the U.S. and the nations of Europe viewed Asia, Africa, and Latin America as plantations and mines. It was signed in the age of seapower, when our Navy was our only line of overseas defense. The Wright brothers were still a month away from their first flight when the treaty was signed in 1903. When the first ships steamed through the Canal in 1914, it was impossible to talk by telephone from New York to San Francisco. The age of paved highways, trucks, air-freight, and military airpower was still far away.

And the treaty reflected the temper of its times. Panama gave away rights no nation would concede today. Under that treaty, the United States had the right to "maintain order" in the two largest cities of Panama. The treaty gave us the right to do whatever we wished in a strip of land -- the Canal Zone -- which cuts a 10-mile wide swath through the middle of Panama. Very few Americans realize it, but the treaty was written in Washington, by Frenchmen, before the Panamanian negotiators even arrived. And that treaty gave away everything but Panama's sovereignty.

Time has passed, and the Panamanians are now, rightly, reluctant to accept terms their forebears accepted in their name. Time has made it easier for us to understand their desires. And time has brought the unified attention of the world to this issue. At every stop on her recent trip to Latin America, my wife, Rosalynn, heard questions about the Canal. Every nation in Latin America and all of our allies in the rest of the world now view the treaty as a test of our sincerity in dealing fairly with the world.

The only thing that time has not changed is the nature of our interest in the Canal. We do not want to own it -- and we never have. We need instead the firmest possible guarantee that we will be able to use it -- that it will always remain open, efficient, neutral, and secure.

The question we have to answer is how we can best achieve those goals. I believe we have found the answer with the agreement we will soon reach.

This is not the first time we have negotiated revisions in the treaty. In 1936, we agreed to give up the right to maintain order and condemn land in Panamanian cities. Those who opposed that revision said that we could not operate the Canal without the right to interfere in Panamanian politics. They were wrong.



In 1955, we agreed to give Panamanians a larger share in operating the Canal. Those who opposed that revision said that we could not operate the Canal under new rules. They were wrong.

Now we are considering the issue which most concerns Panama -- territorial jurisdiction over the ten-mile wide strip of land that cuts their country in half. Those who oppose this revision say that we won't be able to operate the Canal under those terms -- and they are wrong, too.

The best way we can secure the Canal is to make Panama a partner in its protection. There could be no greater threat to the security of the Canal than to insist on a treaty the Panamanians despise.

The Joint Chiefs of Staff, after carefully considering the military implications, have advised me that with Panama as our enemy, the defense of the Canal would require an armed effort of awesome proportions. The Joint Chiefs are certain, as I am, that a new treaty would better serve our national interest.

Sometimes the pursuit of national interest raises hard questions for us. We must sometimes balance our immediate interests against what we believe morally we should do. But here our interests and our principles coincide: what we must do to protect the Canal is what we should do to behave in keeping with our ideals.

We built the Canal in our national interest. For 63 years we have used it in our national interest. And now, in our national interest, we should sign a new treaty to protect it for many years to come.



I want to turn now to an issue that is just as emotional and controversial, but far more important -- to our common future -- the issue of Soviet-American relations.

In the aftermath of World War II, two realities defined the shape of international affairs. One was the development of nuclear weapons, which made the prospect of general war more terrifying than ever before. And the other was the emergence of the United States and the Soviet Union as the two most powerful nations on earth.

Both those realities remain. But vast changes have transformed the nature of the international drama. Europe and Japan rose from the rubble of war to become great economic powers. The forces of Communism became both more wide spread and more varied. Newly independent nations emerged into what has become known as the Third World. And the technological genius of mankind gave us not only the means of bringing the world's peoples closer together, but also ever more sophisticated and prolific weapons of destruction.

I mention these familiar changes because I think that to understand today's Soviet-American relationship we must place it <sup>in</sup> perspective, both historically and in terms of the overall global scene.

The whole history of Soviet-American relations teaches us that we will be misled if we base our long-range assessments on the mood of the moment, whether that mood is euphoric or grim. All of us can remember times when relations seemed especially dangerous and times when they seemed bright.



We have crossed those peaks and valleys and can see that, on balance, the trend in the last third of a century has been positive.

But our disagreements with the leaders of the Soviet Union are very deep. They reflect profound differences in what we believe about freedom and power and the inner lives of human beings--differences that are rooted in the histories and values of our two societies.

Those differences will remain, and so will the element of competition between the United States and the Soviet Union. But the mutual interests that our two countries share are every bit as real. Our job is to explore those mutual interests and use them to enlarge the areas of cooperation.

As we negotiate with the Soviet Union, we will be guided by a vision -- of a gentler, freer, more bountiful world. But the agreements we reach must be anchored on each side by self-interest. Trust may grow out of that process, but trust cannot initiate it. That is why we search for areas where our real interests and the real interests of the Soviets coincide.

International affairs can no longer be reduced to the single dimension of a U.S.-Soviet rivalry. We have learned that our country and our people, in spite of our great resources and our political tradition, are not omnipotent. We have learned that this world, no matter how shrunken its distances by technology, is still too large and too varied to come under the sway of two dominating super powers, let alone of one. And -- what is perhaps most important -- we have



learned all of this in a spirit not of increasing resignation but of increasing maturity.

We want to engage the Soviets in the growing pattern of international activities designed to deal with common human problems -- not only because they can be of real help, but also because we want them to have a stake in the creation of a constructive world order.

When I took office -- exactly six months ago yesterday -- many Americans were growing disillusioned with detente -- and, by extension, with the whole course of our relations with the Soviet Union.

In this situation, I felt it was right for me to talk honestly about international issues with the American people. I felt that it was urgent to restore the moral bearings of American foreign policy. And I felt that it was important to put the U.S.-Soviet relationship, in particular, on a more realistic and ultimately more productive basis.

We have already taken the initiative in putting forth bold, sometimes unprecedented proposals in many areas of Soviet-American relations -- proposals for discussions on banning chemical warfare and interference with space satellites, for discussions on civil defense programs, curbing the traffic in armaments, and nuclear nonproliferation.

But our major effort has been the Strategic Arms Limitation Talks. Our country has had many negotiations over the years with the Soviet Union, but none has come close to approaching the importance of SALT. Since the creation of the atomic bomb, nuclear weapons have proliferated in the tens of thousands. Any one of them could destroy a city; a fraction of them could destroy our world.

When I say that these talks are intended to relax tensions, I am not speaking only in the abstract diplomatic language of military security. I mean as well the individual human tension that comes from the knowledge that <sup>the</sup> leaders of our two countries have the capacity to destroy human society through misunderstanding or mistake. If we can relax this tension, not only will we make the world a safer place, but also we will free ourselves to concentrate on the things we should be doing.

Our view is that we need to set forth long-term goals of genuine reductions and strict limitations, and to make steady progress toward these goals. We have outlined proposals incorporating significant elements of arms control: deep reductions in the arsenals of both sides, freezing of deployments and technology, and restraining certain elements in the strategic posture of both sides that threaten to destabilize the balance.



You have all heard that there is a debate between the Soviets and ourselves over these arms proposals. What it boils down to is a question of how far-reaching our agreements should be.

Our proposals are different from those any Administration has made before. We are trying, for the first time, to reduce the number of <sup>existing</sup> nuclear weapons. We are trying, for the first time, to prohibit all nuclear testing. We are trying, for the first time, to reach agreements that will not be overturned by the next technological breakthrough. We are trying, in a word, for lasting peace.

Not one of these proposals involves a sacrifice of our security. All of them are based on rigid safeguards and verifications, and are an attempt to increase the security of both sides.

We have tried to go far and fast -- and we have gone faster than the Soviets are accustomed to. So far their reactions have been defensive, apprehensive, and disappointing to us.

But it would be a mistake to attach great importance to the Soviets' immediate propaganda reaction. My own feeling is that the Soviet furor is a passing thing, and that as they come to understand the reasons for our broad proposals we can move toward agreement. The results of our initiatives will not be known for months and in some cases years, and

the immediate, reflexive response to them is not what counts. We are witnessing not the breakdown of the end of a historical period, but the turmoil of a new one being born.

We must frankly recognize that part of the Soviet leaders' defensiveness is due to their apparent -- and incorrect -- belief that our concern for human rights is aimed specifically at them. To what extent they actually believe this, and to what extent they only claim to believe it for internal or external propaganda reasons, I do not know. It is likely that they do believe it. Their own political processes tend to make them suspicious, and they are inclined to look for hidden meanings in straightforward statements.

There are no hidden meanings in our stand on human rights. It is exactly what it appears to be: the positive and sincere expression of our deepest beliefs as a people. It is addressed not to any particular country or group of countries, but to all countries equally, including our own. And it is specifically not a code word for heating up the arms race, bringing back the Cold War, or trying to "destabilize" any country, including the U.S.S.R.

On the contrary, I believe that an atmosphere of peaceful cooperation is far more conducive to the gradual growth of human rights than an atmosphere of belligerence or warlike confrontation. The experience of our century has proved this over and over again.



Our belief in human rights springs from the same source, the same vision of a better world, as do our beliefs in arms control and in international cooperation. Our ultimate aim, in each instance, is to raise the general level of human conduct, and to reduce the role that raw, brutal force plays in human affairs.

And just as our stand on human rights is not aimed at any particular country, neither is a public commitment to human rights the exclusive property of any particular country, including the United States. Such rights as the right to be protected from torture and arbitrary imprisonment and the right to speak as conscience directs are firmly rooted in international law. In Article VII of the Helsinki accords, for example, the participating countries pledged to "respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, for all without distinction as to race, sex, language or religion." We in the United States are willing to be judged by that standard.

Despite this, the Soviet leaders continue to react as though our statements were actually aimed at them alone. When our Ambassador in Moscow included the words "human rights" in his traditional Fourth of July message on Soviet radio,

the authorities would not let him speak. What we are seeing, perhaps, is evidence that their own conscience is far from clear where these matters are concerned.

I do not want to say this in an impolite way, but the Soviets very badly need to get accustomed to living in the world as it really is.

The Soviet leaders can deceive themselves, as I am afraid they are doing, and imagine that their land is still dark and impenetrable, hidden behind endless plains and the Arctic night, as shrouded from the eyes of the outside world as the byzantine Russia of the Tsars. They profoundly misunderstand that the world can see; that what happens there is news, just as what happens in Argentina or Sweden or Uganda is news, and that it is not merely us who are shining the light.

At the same time, to expect prompt and noticeable changes in the Soviet Union is unrealistic. The power of words, of ideas, has more lasting force than the immediate reflex of a bureaucratic government that has not been accustomed to thinking about individual liberties. The Soviet authorities know of our concern, and they know -- or will know eventually -- that what they do is under the world's watchful eye. In the fulness of time, I am confident that change will come.



In the meantime we continue to welcome evidence of respect for human dignity, any acceptance of human diversity, as they are evidence of the inner confidence and strength worthy of a great nation.

In my first six months in office, my Administration has gone beyond our predecessors -- both in our willingness to give voice to American's fundamental beliefs, and in our determination to obtain lasting solutions to East-West differences. If this chance to emphasize cooperation instead of competition is allowed to pass, it will have been their choice, not ours.

I cannot forecast whether all our efforts will succeed. But there are things which give me hope, and in conclusion I would like to mention them briefly.

This place where I now stand is one of the oldest cities in the United States. It is a beautiful town, of whose culture and urban charm all Americans are proud -- just as the peoples of the Soviet Union are justly proud of such ancient cities as Tbilisi or Novgorod which they lovingly preserve, and in which they infuse a new life that makes these cities far more than the dead remnants of a glorious past. Although there are deep differences in our values and ideas, we Americans and Russians belong to the same civilization whose origins stretch back hundreds of years.

Beyond all the disagreements between us -- and beyond the cool calculations of mutual self-interest that our two countries bring to the negotiating table -- is the invisible human reality that must bring us closer together. I mean the yearning for peace, real peace, that is in the very bones of us all. I am absolutely certain that the people of the Soviet Union, who have suffered so grievously in war, feel this yearning. And in this they are at one with the people of the United States. It is up to all of us to help make that unspoken passion into something more than a dream -- and that responsibility falls most heavily on those, like President Brezhnev and myself, who hold in their hands the terrible power conferred by modern engines of war.

Mr. Brezhnev said something very interesting recently. "It is our belief, our firm belief," he said, "that realism in politics and the will for detente and progress will ultimately triumph, and mankind will be able to step into the 21st century in conditions of peace stable as never before." I see no hidden meanings in that. I credit its sincerity. And I share the hope and belief it expresses. With all the difficulties, all the conflicts, I believe that our planet must finally obey the Biblical injunction to "follow after the things which make peace".

# # #



THE WHITE HOUSE

WASHINGTON

July 18, 1977

EYES ONLY

The Vice President  
Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

Re: Cabinet Summaries

The attached were returned in the  
President's outbox and are forwarded  
to you for your personal information.

Rick Hutcheson

Attachments:  
From Labor, Transportation,  
STR, Agriculture, CEA,  
Justice, United Nations,  
Treasury, Interior, HUD,  
HEW, GSA, Commerce

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

July 16, 1977

RE:

Cabinet Summaries for Week of July 11 -  
15, 1977; Miscellaneous Items

Summaries

I attach summaries received from the following departments:

Agriculture  
Commerce  
CEA  
Defense  
GSA  
HEW  
HUD

Interior  
Justice  
Labor  
STR  
Transportation  
Treasury  
UN

Miscellaneous Items

I have attached a memorandum to Brock's weekly summary which I received Saturday morning on the subject of Transportation Funding and the Energy Revenues. I have circulated the memorandum to Schlesinger, Lance, Schultze, Kreps, Califano and Blumenthal and have asked for their comments by Tuesday noon. I attach it now for your quick review only because I suspect it will be the only subject discussed by Brock at the Cabinet meeting on Monday, and because he is requesting a meeting with you on the subject as soon as possible.

I am not transmitting the following:

-- A memorandum to you from Pat Harris in which she informs you that she is continuing to give substantial attention to the membership and operation of the FNMA Board, and that she is currently considering regulations for FNMA to insure that it adopts a more public purpose posture. Pat also attached an article from the June 20 issue of



Business Week regarding the Administration's attempts to make the FNMA Board more sensitive to low and moderate income housing interests.

-- A speech given by Juanita Kreps at Faneuil Hall on July 4, 1977, the general theme of which was the economic implications of your position on human rights and the ever-increasing economic inter-dependence of the world. It was a good speech and, according to Juanita, well received.

CC: The Vice President

THE WHITE HOUSE  
WASHINGTON  
July 18, 1977

Secretary Marshall

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: Labor Law Reform  
OSHA



THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

"FYI"

July 15, 1977

1977 JUL 15 PM 5:17

*Ray*  
*J*

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL *Ray*  
SUBJECT: Major Departmental Activities, July 9-15

LEGISLATION

Labor Law Reform

I have scheduled a series of events to publicize and explain the Administration's position on this issue. On Sunday, I will appear on Meet the Press. I have discussed this with Jody Powell and Stu Eizenstat. On Monday, when your Message is sent to Congress, I will hold a press briefing on this subject. In addition, I will testify before the relevant House and Senate subcommittees during the week of July 25.

*You did well*

Minimum Wage

The relevant House subcommittee is expected to formally mark-up the minimum wage bill on July 18. Congressman Phil Burton is expected to offer several amendments including ones abolishing the tip credit and expanding coverage. The full committee is expected to mark-up the bill on July 19.

Youth Bill

There is a strong possibility that Congress will pass the final version of the Youth bill today. Because of a series of changes in the date of passage, we have had persistent problems in scheduling the signing ceremony.

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OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

OSHA Task Force

Some members of Congress, the unions and other supporters of OSHA are increasingly concerned about the inter-agency Occupational Safety and Health Reform Task Force which is to be chaired by Bert Lance and myself. Some of their uneasiness is due to the fact that a similar task force was set up by the Nixon Administration with the intent to limit OSHA enforcement. Despite my reassurances on the subject, there remains a high level of anxiety. I am sending you a separate memorandum on the subject.

Paperwork Reduction

On July 19, Assistant Secretary Bingham and I will hold a press conference to announce the 50 percent reduction in OSHA paperwork that I reported to you last week.

Nuclear Submarines

I am attaching a short paper giving my response to Admiral Hyman Rickover's concerns about OSHA inspection of nuclear submarine construction and repair facilities.

EMPLOYMENT AND TRAINING--ECONOMIC STIMULUS PACKAGE

As of July 7, our reports show that the public service jobs expansion is running at 110 percent of projections. There are currently 363, 366 people enrolled in these CETA programs. We have selected six representative CETA sites to carefully monitor over the summer in order to better understand the CETA expansion. Assistant Secretaries, Arnie Packer and Ernie Green and I will each visit several of the sites to get first-hand impressions. I will keep you informed about what we learn from these in-depth visits.

COAL

I will give an update on the coal situation at the Cabinet meeting on Monday.



NATIONAL ALLIANCE OF BUSINESS (NAB)

I met today with William Miller, the president of Textron who is also the chairman of the HIRE program. As you know, HIRE is the part of the Economic Stimulus Package that encourages private enterprise to hire unemployed veterans. Miller reported that the HIRE program is ahead of schedule. Miller also said that he would like to discuss with you the future of the National Alliance of Business (NAB). If there is a strong interest on your part in revitalizing NAB, Miller will devote time to the project. If not, Miller suggests disbanding the organization. I feel strongly that the success of our employment and training programs depends on private sector involvement. Miller is a strong leader and a dedicated individual who would be capable of revitalizing the NAB. I would encourage you to support this renewal effort.

CETA FRAUD AND ABUSE

The Attorney General and I met on July 14 to discuss a cooperative approach to preventing and investigating abuse in the use of CETA funds. We both feel steps can be taken to reduce civil and criminal violations.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

1977 JUL 16 AM 10 57

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Admiral Rickover recently brought to my attention certain longstanding concerns of his about the application of the Occupational Safety and Health Act to the Navy and, in particular, to private firms under contract to the Navy such as the General Dynamics boatyard at Groton, Connecticut, where nuclear submarines are built. (It should be noted that these concerns are the Admiral's; they are not being presented to us by the Navy or Defense Departments.)

Labor Department officials are now engaged in discussions with the Admiral's staff to work out these problems. In the past, we have been successful in solving problems by working with the Defense Department and its Armed Services components (including the Navy), and we are hopeful that the Admiral's particular concerns can also be successfully met.

The Admiral feels that OSHA health and safety standards adversely affects the design of military equipment--nuclear submarines in this case. We have examined our standards and believe that none is either concerned with, or affects, the design of a submarine or of any other piece of military equipment. If the Admiral's staff, however, can pinpoint an OSHA standard that affects design, we believe something can be worked out to resolve any difficulty.

The Admiral and his staff also contend that OSHA inspections of submarine construction sites are sometimes over zealous and excessively detailed and that this can cause costly delays in construction. Conducting inspections necessarily involves the loss of some construction time, but if there is any undue or unnecessary delay or any inappropriate behavior by our OSHA people, we are more than willing to cooperate with the Admiral's staff to eliminate it. (On the other hand, we should point out that shipbuilding is among the nation's most dangerous occupations; Groton, as a case in point, has been cited over the years for numerous willful, serious, and non-serious violations totaling \$22,890 in penalties.)



As far as protecting Navy personnel is concerned, we have had no major problems with DOD or the Navy in such matters. OSHA and Executive Order 11807 vest primary responsibility for protecting Federal personnel with each separate agency.

OSHA clearly covers all private employers including those performing work under Government contracts. OSHA is statutorily mandated to respond to valid employee complaints and inspect private contractors' worksites; that is, to "enter without delay" and issue citations if OSHA violations are discovered. To facilitate OSHA inspections, I am happy to work with the Admiral's staff so that we will have the opportunity to discuss our own difficulties at Groton. (The Navy has delayed OSHA inspections at Groton and otherwise encumbered OSHA inspections there. We do not encounter such problems at worksites of contractors under military contracts with the other Armed Services; nor do we have problems with most Navy contractors or with the Navy, itself.)

I must advise you that there are certain labor problems at General Dynamics and there is considerable interest by the press in this whole matter.

Sincerely,

*Lay*

Secretary of Labor

*Lay - you talk  
may wish to talk  
directly to Hickover  
J*

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THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Tim Kraft  
Dick Moe

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: PRESIDENT'S SCHEDULE



THE PRESIDENT HAS SEEN.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS

WASHINGTON

July 15, 1977

1977 JUL 15 PM 2:5

MEMORANDUM FOR: THE PRESIDENT  
FROM: Robert S. Strauss  
SUBJECT: Weekly Summary

Last Sunday, I went to Brussels to meet with the EC Commission and after some rather intensive negotiations, we agreed upon, and publicly announced at a press conference, a four-phase schedule to be completed on January 15. This schedule, if adhered to, will produce draft documents and procedures that should enable us to negotiate the specifics and hopefully complete a final detailed agreement by summer or fall 1978. I have people in Paris and London attempting to secure momentum for the program and Mike Mansfield is presenting it to Prime Minister Fukuda today. My Deputy, Ambassador Wolff has already secured support for that timetable with the Nordic countries prior to my Brussels meeting.

I have made a significant breakthrough in these negotiations that have been stalemated for four years. There is finally reason for cautious optimism.

Sir Roy Denman, Assistant Director General of the Common Market, is bringing appropriate members of his staff to meet with us over the weekend outside of Washington in a quiet place and I am hopeful that this will be the beginning of the implementation of the four-stage program referred to above. In a further related development, Ambassador Wolff led the U.S. negotiators in consultations with New Zealand, Wednesday and Thursday of this week.

This week Bob Bergland and I had very constructive visits with Finn Gundelach, the Vice Chairman of the EC (for Agriculture). The visits went well and the strong relationship that Bergland, White, and I have developed for our two departments has proven to be a great asset.

Secretary Bergland, Stu and I are staying in close touch with the continuing deterioration in the sugar situation

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and I am hopeful that an hour visit I had with Russell Long yesterday will be helpful. He and all of the others are very upset and concerned.

I dislike making any negative reports on individuals but I found the length of the Vice President's pants last evening at the Schmidt dinner embarrassing to me personally and as a member of your Government. With all of your problems, I am glad you were spared this experience.

The best thing I did for you  
this week was "not trying  
to see you" with your schedule.



THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Charlie Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: OSHA Reform  
Labor Management Group

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

1977 JUL 15 PM 6 00  
July 15, 1977

cc T. Schultze  
C

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CS*  
SUBJECT: CEA Weekly Report

OSHA Reform. My staff is working with other White House agencies and the Labor Department to develop final plans for the task force to examine prospects for introducing economic incentives into the OSHA program. Recent leaks of internal memos about the task force have generated some difficulties for the Administration in pressing forward with this effort. However, I still think it is essential that the task force be created. Almost everything we do by way of regulatory reform will create flak. *proceed*

Testimony. I am scheduled to testify next week before the House and Senate Budget Committees on the state of the economy. My staff is preparing testimony for those sessions. I am also scheduled to testify before the Senate Banking Committee on legislation to extend the life of the Council on Wage and Price Stability. Your decision to extend the life of COWPS, combined with the favorable reaction of organized labor and Senator Proxmire to the nomination of Barry Bosworth as COWPS' Executive Director, has defused most of the opposition on Capitol Hill to the agency. We now expect no serious problems in winning extension of the agency in either House.

Welfare Reform. My staff is analyzing the economic implications of current proposals for the final welfare reform plan. We are particularly interested in making sure that elements of current proposals, which create differential wages for various regions of the country do not create a situation in which public service jobs under the welfare reform program attract workers out of private industry.



Labor-Management Group. We have been developing materials for presentation at a meeting on Monday, July 18, of the Labor-Management Group headed by George Meany and Reg Jones. From my conversations with John Dunlop and others, I have concluded that the Administration can advance the discussions at a somewhat faster pace than we had previously thought. 6 so

Other Projects. The CEA staff prepared me for meetings with you on tax reform and the farm bill, studied the proposals put to you this week for changes in Administration policies affecting sugar producers. We are continuing to work on the adjustment assistance program that is being readied for your approval by the Commerce Department, on various reform initiatives, and on studies relating to the Administration's tax reform proposals.

Humphrey-Hawkins. I reported to you on this subject at our Friday meeting.

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THE WHITE HOUSE  
WASHINGTON  
July 18, 1977

Secretary Bergland

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FOREST SERVICE



THE PRESIDENT HAS SEEN.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

1977 JUL 15 PM 5:10

July 15, 1977

2/

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson  
Secretary to the Cabinet

SUBJECT: Weekly Report

FOREST SERVICE. FY 1978 appropriations, after final passage this week, are 25 percent above your request (\$241 million) and will require an estimated 2200 additional permanent full-time employees and 3400 "other" employees to carry out -- this, after the White House had already approved an additional 1500 "other" employees and taken the freeze off 400 permanent positions in order to comply with FY 1977 supplemental appropriations.

Too much

FARM BILL. Chairman Foley "honored, but a little frightened" with our policy decisions. Sponsors for amendments necessary to bring the House Bill into line will be ready for floor action.

NUTRITION. Arrangements are being made for a child nutrition conference this fall to be jointly sponsored by the March of Dimes and the President's Commission on Mental Retardation. Representatives of private industry, education, Congress and the Administration will take part. It can be an excellent preview of the broader Administration program scheduled for 1978. Your staff is being contacted about possible Presidential participation.

BOB BERGLAND

A large, stylized handwritten signature, likely of Bob Bergland, written in dark ink.

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THE WHITE HOUSE  
WASHINGTON

July 18, 1977

The Attorney General

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: Justice Report



THE PRESIDENT HAS SEEN.

Office of the Attorney General  
Washington, D. C. 20530

cc Bell

Griffin -  
This is the info  
I need -  
J

July 15, 1977

Principal activities of the Department of  
Justice for the week of July 11 through 15

1. Meetings and Events

The Attorney General has held a number of meetings this week concerning a number of matters. These include meetings with Senators Allen, Goldwater, Eastland, and representatives of Senator Sparkman's office concerning judgeships, U. S. Attorneys as well as the progress of legislation in which the Administration has an interest. Judge Bell met with Senator Kennedy concerning the Commission to study the Antitrust laws, and he met with Congressman Mann concerning the legislative recodification of the criminal code. The Attorney General has interviewed the remaining three candidates for the directorship of the FBI. In addition, the Attorney General had a breakfast meeting with the Vice President and other senior Administration officials to discuss intelligence matters; he has met with Secretary Marshall concerning several matters of investigative and prosecutorial concern; and he had a luncheon interview with reporters of the Washington bureau and the editorial board of Time Magazine.

2. Consultants

The Department has completed the initial stage of the review of the use of consultants and consultant contractors. With regard to Civil Service Commission appointments for expert services, a total of 16 out of 33 have been terminated -- a reduction of 48%. With regard to consultant contracts, a total of 50 out of 85 (59%) have expired or been terminated, or will be terminated in the very near future. Most terminations in process will occur by August 1; however, protection of the Government's interests may cause some terminations to be delayed until September. Our review of the methods and procedures for the control of the use of consultants and consultant contractors is continuing. A detailed report is being sent to OMB Monday.

### 3. Foreign Intelligence Surveillance

The Senate Judiciary Committee is expected to debate and vote on the proposed Foreign Intelligence Surveillance Act on either July 27 or August 3. The Department provided a first draft of a proposed report on the bill to the Committee and is now discussing with the members, after full consultation with the Intelligence Community, the possible content of a final draft. The Senate Intelligence Committee plans to hold an extensive series of hearings on the bill on July 19-27.

### 4. Organized Crime

The Criminal Division and the Attorney General have been working to prepare a briefing for the President on Monday on the strategy and priorities in organized crime investigations.

### 5. Intelligence Charter Legislation

Initial meetings between the Senate Intelligence Committee staff and representatives of the intelligence community have been coordinated by the Department of Justice to discuss the formulation of charter legislation in two areas: (1) FBI domestic security investigations; and (2) electronic surveillance of Americans abroad for foreign intelligence purposes.

### 6. Uranium Cartel

The Justice Department is conducting a grand jury investigation of an international uranium cartel which appears to have affected United States commerce, although it seems to have been formed and directed primarily by foreign firms overseas with the active or passive support of the Canadian, French, Australian, South African, and perhaps British governments. The grand jury's ability to obtain documents and information located overseas has been severely limited by actions of foreign governments and firms.

One of the alleged victims of this cartel, Westinghouse Electric Corporation, is involved in two private suits in which it is important for Westinghouse to prove the existence and effect of the cartel. In one of these suits Westinghouse has convinced a British court to require seven key officials of Rio Tinto Zinc, the British corporation which is suspected of masterminding the cartel, to appear for pretrial depositions in London. The officials have refused to testify, asserting the United States Fifth Amendment.



The Attorney General has authorized requests for immunity orders to the judge in the Westinghouse litigation so that these seven officials can be compelled to testify in that suit. He concluded that this course is the only way the Government was likely to get critical evidence to present to the grand jury in the Department's own case, since it does not appear possible under British law for the grand jury itself to depose these officials directly in England. The British Government is protesting this action, claiming that it violates a treaty between the two countries limiting the taking of evidence. Justice and the State Department have concluded that the British view is incorrect and have prepared a detailed reply to their protest.

This grand jury investigation was one of the subjects discussed with Canadian ministers on the Attorney General's visit to Ottawa last month.

#### 7. Medicaid Fraud

As of July 1, 1977, HEW has identified by computer approximately 900 validated cases of potential fraud and abuse of the Medicaid program by doctors and pharmacists. These cases have not been investigated and are far from being in a posture whereby a prosecutive determination either by state prosecutors or United States Attorneys can be made. The Department is working with the Inspector General's office of HEW to devise appropriate procedures for processing these matters and arranging for their prompt investigation.

#### 8. LEAA

The employees of the Law Enforcement Assistance Administration have been notified in a letter from Deputy Attorney General Flaherty that every effort will be taken to prevent them from being adversely affected by the closing of the ten regional offices of LEAA.

#### 9. Steel Companies

After several major steel companies announced that the Justice Department's Antitrust Division had requested price information from them, the Department confirmed Wednesday that a civil investigation into possible price-fixing in the steel industry had been opened and that 10 major steel companies had been asked to provide detailed information on all price increases over the past three-and-one-half years.

THE PRESIDENT HAS SEEN.  
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TO: President Carter

July 14, 1977

1977 JUL 15 THROUGH: Jack Watson

FROM: USUN - Ambassador Young

SUBJECT: Weekly Summary of U.S. Mission to the U.N. Activities  
July 6 - 13

1. Ambassador Young delivered a general debate statement on July 8 at the 63rd Session of the Economic and Social Council in Geneva. Ambassador Young's statement, underlining the US commitment to improving the multilateral methods to bring about economic and social progress, was well received. On July 12, Ambassador Young, accompanied by Ambassadors Gardner and Wells, visited officials of FAO, the IFAD Preparatory Committee, the World Food Program, and World Food Council in Rome.
2. Western Five in New York prepared a "communication" which was delivered to the South African Government on July 11 expressing surprise and disquite at the sudden announcement by South Africa of the appointment of an Administrator General for Namibia. Also, Five prepared "Talking Points" paper for delivery to the SAG on July 14 concerning present status of Namibian question. Western Five also continued to prepare for forthcoming talks with SWAPO in New York, even though no date has been set.
3. Committee on Relations with Host Country to Meet  
At the initiative of Yugoslavia, the Committee on Relations with the Host Country is to meet on July 14 to consider among other things the recent Croat terrorist attack on Yugoslavia's Mission. The Soviets are expected to raise a reported street assault on a member of their Mission.
4. Vietnam's Membership Application  
Vietnam has requested that its application for membership in the UN be reconsidered during July by the Security Council. Informal Security Council consultations on this are scheduled for July 14 at which time a date for formal Security Council consideration of the application will be decided.

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THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE TREASURY  
WASHINGTON

F.Y.I.

July 15, 1977

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. TRADE DEFICIT AND WORLD RECOVERY

EPG deputies from the different departments and agencies have been working on the thorny problem of our trade deficit, and we will hold an EPG meeting on Monday, July 18 with a view to obtaining an agreed Administration position.

From all accounts our pressure on the Japanese is having considerable success. Fukuda's position was apparently strengthened by last Sunday's election results, and MITI Minister Tanaka has told the press that Fukuda is making the reduction of Japan's trade surplus his Government's top priority. This also seems confirmed by some recent classified reports. The yen, meanwhile, has floated upward to its highest level in four years.

Chancellor Schmidt's reiteration of 4-1/2 percent growth figure plus the continued floating of the mark would certainly have a beneficial impact. There is, however, much skepticism that the growth targets will be achieved. The talks this week will, hopefully, have had a positive impact.

2. U.S.-U.S.S.R. TRADE

This is another field in which we badly need an agreed and forward-looking position which will take full account of our own domestic possibilities as well as developments in the Soviet Union. I have been discussing this with some Administration colleagues (and with the National Conference on Soviet Jewry, whom I met with this week); I have agreed with Zbig that the question will be discussed within the NSC framework so we should have a policy paper to you before too long.

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### 3. TAX REFORM

I am planning to visit Cleveland on July 20 and Louisville, Denver and St. Louis on July 28-29, talking about tax reform to news media, business people, academics and regional financial people. We hope for favorable press coverage. From Louisville I plan also to visit Fort Knox for a routine inspection of our gold reserve.

My colleagues and I had rather lengthy and I think profitable separate meetings on tax reform this week with Russell Long and Al Ullman. We look forward to seeing you again this afternoon. Next week, I plan to meet with Speaker O'Neill and the House leadership, and probably the Senate leadership as well.

### 4. INTERNATIONAL FINANCIAL INSTITUTIONS

The calls which you, Cy Vance and I have made to key Senators on IFI appropriations seem to be having some effect. As you may know, Bob McNamara has also called Senators DeConcini and Leahy. At this point we are slightly optimistic about fending off further cuts and restrictive amendments on Vietnam and commodities; but the situation remains serious.

The House and Senate conferees will meet next Tuesday, July 19 to complete work on the IFI authorization bill.

### 5. FOREIGN BANKS IN THE U.S.

Under Secretary Solomon testified this week on the International Banking Act of 1977. The bill would bring foreign bank branches in the U.S. more closely within our domestic regulatory system, and would prohibit their interstate branching and engaging in the securities business (subject to grandfathering). We supported the bill, with some suggestions designed to give foreign banks approximately the same right to choose between state and Federal regulation as U.S. banks.

### 6. CONSUMER COOPERATIVE BANK

The bill passed the House by one vote on July 14, while the LaFalce/Ashley substitute providing for the Administration's proposed pilot project was voted down 170 to 228. The closeness of this vote (which included several switches against us) should allow us to discourage consideration of the bill before the Senate or at least minimize its impact through the budget-appropriations process. Since the bill started with over 100 co-sponsors in the House and vast popularity, the one vote margin demonstrates a significant impact by the Administration's efforts.



7. ECONOMIC CONTINGENCY PLAN

Ray Marshall, Juanita Kreps, Charlie Schultze, Bert Lance and I met this week to begin work on Ray's proposal that we engage in more planning for adverse economic contingencies. We decided (a) that EPG deputies would prepare a quarterly report on the macroeconomic outlook for discussion by the EPG principals, and (b) that our agencies would cooperate on a thorough study of the effectiveness of the various countercyclical programs contained in this year's stimulus program.

Mike

W. Michael Blumenthal



THE PRESIDENT HAS SEEN.  
THE SECRETARY OF THE INTERIOR  
WASHINGTON

C/

077 JUL 15 PM - July 15, 1977

MEMORANDUM TO THE PRESIDENT

From : Secretary of the Interior

Subject : Major Topics for the Week of July 11

The two-day meeting with our former colleagues was well handled and beneficial to all concerned. They learn a lot listening to your views, but also from one another. They should be continued.

I will be in Alaska for four days next week dealing with pipelines, Alaska Native Claims, D-2 land selections, and general oversight.

Your CEQ decision was the right one considering all things.

Thanks to Bert, we are back on track for natural resource reorganization.

Interior's ZBB is on schedule and looking good.

My proposal on the gas pipeline is in The White House.

  
CECIL D. ANDRUS

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THE PRESIDENT HAS SEEN.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

July 15, 1977

1977 JUL 15 PM 1:57

Q  
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MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental  
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Conference Committee Clears HUD's 1978 Appropriation Bill. On Tuesday, House and Senate conferees approved an Appropriations bill with the following provisions:

- o \$31.48 billion in budget authority for assisted housing, \$1.27 billion below the Administration's requested amount.
- o Section 202 funding for housing for the elderly and handicapped will be placed "on budget".
- o Authority to use up to \$2 billion of recaptured funds in the Government National Mortgage Association special assistance account was approved.
- o The FY 1978 level of funding for research is \$52 million, which includes earmarked funds for the Neighborhood Commission and the Urban Reinvestment Task Force.
- o A total of \$685 million will be available for public housing operating subsidies.
- o Funds for planning under Section 701 will total \$57 million with report language precluding 701 funding for cities with populations greater than 50,000 and urban counties.

The conference bill is within the range of the Administration's request, with a slightly lower figure approved for certain line items.

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House and Senate Conference Continues on Housing Act of 1977. Action continued on the Department's FY 1978 authorization bill, with no resolution of the controversy on the Senate's proposed impaction amendment which adds a third formula to the Community Development Block Grant program. This amendment provides that funds for the new formula would be taken from the \$400 million we have proposed for the Action Grant program.

Action Deferred on Expansion of FNMA Board. On Thursday, the Senate Housing Subcommittee approved a motion to delay consideration of the Administration-backed bill to expand the Board of Directors of the Federal National Mortgage Association. This six-month delay is intended to serve as a notice that the subcommittee is concerned that FNMA demonstrate a greater degree of responsiveness to the mortgage credit needs of inner city areas. FNMA's performance during the next six months will affect the Subcommittee's views on the bill.

National Flood Insurers Association Terminates HUD Agreement. The National Flood Insurers Association (NFIA) has issued a notice terminating the agreement to service flood insurance policies. This decision by NFIA is the culmination of a year-long dispute between HUD and NFIA over the basic issue of administrative responsibility for the National Flood Insurance program. NFIA, whose problems with its accounting system have been the subject of a GAO investigation, has consistently maintained that the contract between HUD and NFIA was the only basis for administrative oversight by HUD. HUD's position has been that the Secretary has the authority to issue regulations protecting policyholder and taxpayer interests. The Department is now exploring alternative courses of action with respect to policy servicing. In the meantime, however, insurance will be available, servicing will continue, and insurance claims will be paid. I have issued a press release to this effect to reassure policyholders and claimants.

HUD Makes Progress on Hiring of Women and Minorities. Since January 20, we have filled a total of 116 non-career positions in this Department. Of these, 43 percent have been filled by women and 26 percent by members of minority groups. 92.5 percent of the women in this group were appointed at the level of GS-11 or above. This includes two Assistant Secretaries and the only GS-18 level appointment in the Department.

*Pat*  
Patricia Roberts Harris





THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

WASHINGTON, D. C. 20201

July 15, 1977

C

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Labor-HEW Appropriations Bill: I met Thursday with the bipartisan leadership of the Senate conferees, Senators Magnuson and Brooke (who were joined by Senator Hollings). We discussed a number of possible reductions in the levels of funding proposed in the Senate version of the bill as well as the Administration position on the various riders (school desegregation, abortion, affirmative action, civil rights survey).

If the tone and specifics of the meeting are carried through, we may be able to reduce the Senate bill by a couple of hundred million dollars. On the riders, I told them that we opposed the restriction against the civil rights survey (although I said we would not conduct a civil rights survey this year if they leave the money in to conduct one next year); that we wanted to eliminate the House rider against affirmative action; and that we opposed the use of federal funds for abortion except where the life of the mother was at stake or incest or rape were involved (in the latter two situations, if action is taken promptly a technical abortion is not involved). They agreed on affirmative action; are concerned about the civil rights survey, and Brooke wants federal funding of abortion as wide open as possible.

I am scheduled to meet Monday afternoon with all the House conferees and will continue to press for reductions then. After that meeting, we will have a good sense of the extent to which we can get substantial money reductions.

- Welfare Reform: At my welfare reform meeting with the Governors, they stressed the importance of fiscal relief and emphasized the need for a state involvement in both the jobs and the cash programs. On July 20, I will meet with the New Coalition, and Ray Marshall will attend if possible. In the next week or so I will also meet with a group of mayors from the Nation's largest cities.

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for Preservation Purposes**

The welfare reform memorandum outlining recommendations on each critical element of the program will now be sent to you next week.

We plan to meet with you on July 23 to discuss the memorandum and items requiring your decision. As a result of our consultation with the States, we have a more sophisticated and complicated data base on welfare reform than has ever existed before, but our effort to get firm numbers out of the computer has resulted in some delay.

- Phenformin: This drug, used by 350,000 diabetics, is increasingly associated with lactic acidosis, a reaction which proves fatal in half of the people it strikes. Current estimates of fatalities are .25 to 2 people per thousand annually; this is several times the highest lethal effect of any other drug legally on the market at the present time. Norway and Canada have already banned the drug. Several U. S. medical centers, including Atlanta's Grady Memorial Hospital, which has the largest diabetic population of any American Teaching Hospital, have stopped using it.

FDA has initiated procedures to remove the drug from the market, but this normal process takes, at least, six months to a year. Ralph Nader's Health Research Group has brought suit to have FDA declare phenformin an "imminent hazard" and remove it from the market immediately.

I must decide whether to declare phenformin an imminent hazard, and will make an announcement on this next week. Ninety percent of current phenformin users can be successfully treated through diet or the use of insulin. For the remaining 10 percent, who cannot be treated with insulin, we will devise a system to make phenformin available.

This decision will undoubtedly receive widespread press coverage since this move comes on top of the FDA's decision to ban saccharin which also directly affects diabetics. Diabetic associations and parts of the medical community will oppose the decision. Information about the unusually high incidence of death is not widely known, and people may charge that this is another case of undue government interference.





United States of America  
General Services Administration  
Washington, D.C. 20405

THE PRESIDENT HAS SEEN.

C  
/

Administrator

July 15, 1977

1977 JUL 15 PM 5 12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

New York Power Blackout

The Federal Preparedness Agency (FPA) was involved almost immediately in providing assistance to the City of New York and Federal agencies housed there during the recent power failure. FPA officials were prepared to provide emergency support if necessary, and were active in keeping lines of communication open among other Federal agencies involved.

Solar Energy System for the White House

A report on the further progress of investigating the feasibility of adding a solar energy system to the White House Complex was presented at the Energy Research and Development (ERDA) headquarters on July 7. Preliminary data was presented showing how the energy from each of the possible solar arrays could be used for providing energy for hot water and/or heating and/or cooling for various portions of the complex. Payback time for the various possible solar systems ranges from 22 to 44 years if the solar energy displaced steam usage from the GSA central heating plants. The payback time would be considerably more favorable if measured against a theoretical displacement of electrical energy based on an 11% per year escalation rate. ERDA representatives are prepared to brief the President and Dr. James Schlesinger on the solar system potential. No decision has been made as to which agency will contract for and supervise the work if a solar system is approved for installation.

Energy Conservation

A GSA representative met recently with the Chief Engineer of Store and Facilities Planning for the J.C. Penney Company to discuss energy conservation techniques. The Penney representative had two simulation display models for controlling cooling equipment, only one of which would have applicability to GSA-type facilities. This device is designed to control the step operation of two chillers and is intended to bring the chillers on and off line in steps as load increases and decreases to maximize the efficiency of units. We expect to accomplish similar control through the use of mini-computer or microprocessor program control. However, the use of the chiller control device may have some application after we have identified a suitable location and have evaluated its actual application.

### Construction Union Strikes - Atlanta, Georgia

There have been several strike situations which have stopped construction of the Richard B. Russell Federal Building and Courthouse in Atlanta in the past two weeks. Most recently, carpenters went out on strike on July 11 and put up picket lines which were honored by other trades. All trades were back at work on July 13, but the issue is still not resolved as other non-Government projects in Atlanta are still struck by carpenters. We anticipate that strikes may continue to be a problem and a cause of delay on the project through the summer months since several union contracts expire during this period.

### Building Closures Due to Water Shortage

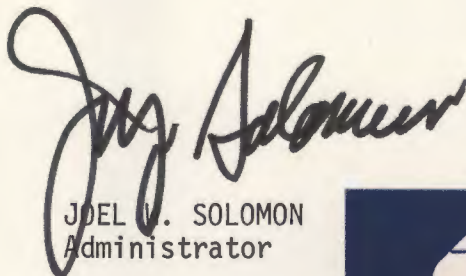
On Wednesday, July 6, a fire at Washington Suburban Sanitary Commission pumping station resulted in a water shortage affecting Montgomery and Prince Georges Counties in Maryland. County Executives of the two counties issued proclamations of a state of public emergency and ordered the closing of all non-essential Federal, State and local Government operations. As a result of this action, over 50 Government-owned and leased locations were closed Friday, July 8, and approximately 28,000 Federal employees were placed on administrative leave. The buildings were back in full operation on Monday, July 11.

### Move Scheduled for Nixon Materials

The National Archives (NARS) is preparing to transfer all of the sensitive Nixon materials housed in the White House complex to high security stacks in the Archives building. The move is expected by the end of the month. Included will be approximately 1200 tape recordings. At the Archives, conservation of the recordings and some of the other materials long sought by NARS will be undertaken.

### Reduced Fuel Consumption

As a reminder to Federal employees of the continued need for energy conservation and as a follow up to letters I recently sent to heads of departments and agencies, GSA has developed the sticker shown below on automobile fuel consumption to be placed on the dashboard of all Government motor vehicles.

  
JOEL M. SOLOMON  
Administrator



**Don't be idle - turn it off!**

It takes lots of energy to let it idle.  
It takes little energy to turn it off.



THE PRESIDENT HAS SEEN



THE SECRETARY OF COMMERCE  
Washington, D.C. 20230

1977 JUL 16 AM 10 57

July 15, 1977

"FYI"

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REPORT TO THE PRESIDENT

Meeting with Governors

During the course of last weekend's energy meetings with the Governors, Bob Hall, Assistant Secretary for Economic Development, accompanied me to the meetings and was able to resolve a number of issues concerning the \$4 billion Local Public Works (LPW) Program. In speaking with many of the Governors and their principal staff members, he found that the Governors' response to the Round II PLW Program was favorable. It is significant that while only 15 States received LPW funds for State Projects in Round I, in Round II all State governments have received LPW allocations for use on State priority projects. Several Governors plan to direct their allocations to projects in energy impacted areas.

Final Local Public Works Planning Allocations

Today all Senators and Congresspersons were provided final LPW planning allocations information for cities and counties in their areas. The primary effect of changes to our initial allocations will be to achieve a better geographical spread of funds in accordance with legislative intent. Major changes are limited to five States: New York, New Jersey, Ohio, Pennsylvania and Michigan. We expect the overall reaction to these final allocations will be positive, although there may be some complaints in individual cases.

Transfer of Telecommunications Policy Functions

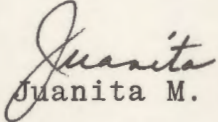
I especially welcome the challenges and opportunities you have extended to this Department in the area of telecommunications policy, as reflected in your reorganization plans announced today. Actions have been initiated to ensure that this transfer of functions will proceed smoothly and will enhance the Administration's capabilities to develop responsive national policies in this complex and sensitive area. In particular, we will conduct a careful search of the available people in the Nation to select a top candidate as the Assistant Secretary to manage this area.

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for Preservation Purposes

Tax Reform

Mike Blumenthal and Stu Eizenstat joined me yesterday for a meeting on tax reform with members of the business community. Recent press accounts have suggested that the business community is backing off from proposals to eliminate the double taxation of dividends. Our discussions indicated that this is not exactly the case. While business still favors this reform, they are uncertain about the effect that eliminating double taxation of dividends and eliminating capital gains treatment will have on securities markets. For this reason they would prefer a gradual phase-in of these tax law changes. I will be providing you additional comments shortly on these discussions.

As the Treasury Department's proposals are more fully developed, it is very important for the business community to have a meeting with you to express their views on tax changes to stimulate investment. If you are able to arrange such a discussion, it will greatly improve our chances of receiving their support when the tax reform package is presented to Congress.

  
Juanita M. Kreps



THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Secretary Adams

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Tim Kraft

RE: Locks and Dam 26  
Energy Program Activity  
Exportation Policy  
Corporate Income Tax



THE PRESIDENT HAS SEEN.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

*Rock J*

July 15, 1977  
1977 JUL 16 AM 10 38

MEMORANDUM FOR THE PRESIDENT

THROUGH: JACK WATSON

SUBJECT: DOT Issues for Presidential Review

*Bevel Adams*

This memorandum identifies and updates issues pending at the Department of Transportation.

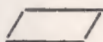
Locks and Dam 26 - Waterway User Charges

ACTION

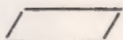
In my memorandum to you of July 8, I identified the possibility that the House might nullify the Senate vote on waterway user fees based on the argument that revenue-raising measures must originate in the House.

At a meeting on Monday with Ways & Means Committee Chairman Al Ullman, I received assurances that the House leadership would not support a resolution to nullify the Senate's action. Instead, the House plans to move quickly to pass its own Locks and Dam 26/User Fee bill. The House Public Works Committee has scheduled hearings for Monday, July 18, at which time I will appear, and will then move to mark up the bill on the 19th and 20th. The Ways and Means Committee will work on the user fee section, holding hearings on July 21 and 22 and mark-up on July 25th.

We have noted that there is pressure on both Committees to impose a low fuel tax (4¢) that would cover only 10% of the operating and maintenance costs of the waterways and none of the construction costs. I will press for a higher user fee, but will need your endorsement for flexibility to strike a compromise on the revenues raised by user fees or related charges. In addition, the fact that the House has a separate user fee bill may necessitate another Floor fight in the Senate, since it does not match up with the Senate version. We will follow these developments closely and keep you informed.



You may proceed to negotiate on the fuel taxes and user fees



Do not change the original Administration position of 100% recovery of operations and 50% of construction

*This is what I want. At least as much as the Senate version. Compromise only as a final act. Work with Stu J*



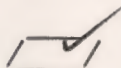
No-Fault InsuranceINFORMATION

Following your approval of the No-Fault Bill, I testified today before the Senate Commerce Committee on S. 1381 and announced the Administration's support of the No-Fault legislation. My staff is working with other Cabinet Departments to resolve any technical differences concerning the contents of the bill. A meeting was held this week at the Executive Office Building to iron out those differences and to determine what amendments should be offered to the Magnuson bill. The hearing went very well, and Senator Magnuson is very pleased to have Administration support.

Energy Program ActivityACTION

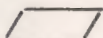
Staff of this Department has been working with Dr. Schlesinger's people to integrate our thinking about energy financing and the transportation programs, looking toward possible changes to be made by the Ashley Committee's mark-up of the energy bill. They are discussing potential public transit uses for energy revenues, with emphasis on low capital projects, such as vanpools or high-occupancy vehicle lanes.

However, before any final decisions are shaped this week, it is very important that I meet with you personally to review the options and determine whether a more comprehensive approach, along the lines I suggested in the budget preview, should be presented at this time. I have discussed this with Jim Schlesinger, sent a separate memorandum on this to you (with copies to Jim Schlesinger and Jack Watson) and have asked Jack to inquire if we can meet on Monday after the Cabinet meeting or early on Tuesday.



Yes, I will meet with you

*Jim*



No, I prefer \_\_\_\_\_

Airline DeregulationINFORMATION

Mark-up of the airline regulatory reform bill is proceeding in the Senate Commerce, Science & Transportation Committee. On Wednesday, the Committee did finish the policy statement portion of the bill, designed to encourage competition and promote the entry of new carriers. Also on Wednesday, I met with Chairman Magnuson and gained his personal support for the bill. I have held additional meetings today with Senators Cannon and Stevens and will continue to work with other members of the Committee as they continue to hold mark-up sessions during three days next week.



U.S.-Japan Civil Air NegotiationsINFORMATION

The Japanese have proposed that the U.S.-Japan aviation bilateral agreement be extensively revised. Many of the changes they advocate are similar to those originally sought by the United Kingdom.

In terms of both economic impact and precedent for other air negotiations, the current discussions with Japan are extremely important. These negotiations raise major transportation policy issues because of the size of the U.S.-Japan market, the geographic position of Japan as a gateway to Asia, and the extensive beyond-Japan traffic rights the U.S. airlines hold today.

Discussions with the Japanese so far this year have focused on resolution of short-term issues. Cy Vance and I have agreed to recommend a special ambassador to you to conduct these negotiations.

Railway Labor-Management CommitteeINFORMATION

Since reporting to you on June 24 on the work of the Task Force on Rail Transportation, the United Transportation Union has decided to withdraw from the Task Force and all cooperative ventures with rail management.

I have written to UTU President Al Chesser, expressing my disappointment at his union's action and stating my hope that the Task Force could be regrouped to address the present contract negotiations in the important terminal areas of Houston and Chicago.

DOT Coal Task ForceINFORMATION

I and members of my Coal Transportation Task Force will be reviewing coal transportation needs in Kentucky, Pennsylvania, and West Virginia next Monday through Wednesday. This trip will help develop proposals to insure adequate transportation capacity to meet the increased coal production announced in your Energy Message.





THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

July 12, 1977

1977 JUL 13 AM 11

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MEMORANDUM FOR THE PRESIDENT

Subject: Deepwater Ports--Withdrawal of Exxon from Seadock

In the late afternoon of July 11, Exxon Pipeline Co. announced that it had withdrawn from the proposed Seadock project, a deepwater port facility to be constructed off the coast of Texas, if the terms of the license issued by former Secretary Coleman were accepted by August 1. Exxon was to be the largest investor, with 22% of the shares. It is doubtful that the remaining investors--Gulf, Phillips, Shell, Cities Service, Dow, Continental, and Crown-Seadock--will be able to find sufficient additional resources to carry on with the project.

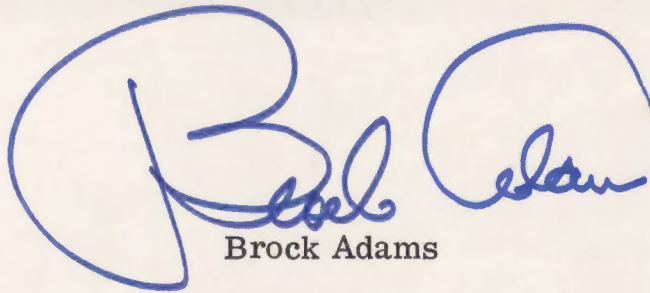
The next step was to have been acceptance by the companies of the terms of the license as offered in January. Prior to that acceptance, Exxon and the others wanted assurances concerning their ultimate control of the facility and, as required by the license, had requested my approval to revoke the one-company one-vote rule for the board of directors and approve changes in the voting arrangements among the investor companies, which would move toward more concentrated control by the large shareholders. This I refused to do because the proposed assurances and arrangements raised problems with our Department, the Department of Justice, and the Federal Trade Commission about potential anti-competitive abuses. We were trying to work out our differences with the companies in a good faith attempt to implement the January license when Exxon abruptly announced its withdrawal.

Exxon attributed its withdrawal to "continuing uncertainties" which "related to the rights and prerogatives of the owners to manage and operate the facility, marine tanker stipulations and future financial obligations"--in other words, its rights of control.

While Exxon is displeased, many members of Congress will have a different view. Some have made a strong case that such facilities, with their inherently monopolistic tendencies, should be under public ownership and control. Indeed, a public authority of the State of

Texas came close to filing an application of its own in 1976, but in the end deferred to the oil companies. Some members of the Texas delegation may try to revive a publicly owned port project.

Senator Long has written us expressing his strong concern that the other license for a deepwater port issued in January--this one off the coast of Louisiana--proceed to implementation. Known as LOOP ("Louisiana Offshore Oil Port"), this company is composed of a different set of private investors, who have so far offered us many fewer policy problems. We are hopeful that the LOOP project will move ahead.

A handwritten signature in blue ink, appearing to read "B. Adams", is written over the printed name. The signature is stylized with large, sweeping loops.

Brock Adams





THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

July 15, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

SUBJECT: Transportation and Energy

Conversations with the Governors last weekend confirmed what other State and local officials have already told representatives of this Department -- the transportation and energy problems cannot be pulled apart. Responsible sentiment is rising for a marriage of these two programs, and the argument is helped along by the realities of Congressional action.

Reality #1 - The Budgetary Situation

Even the most conservative estimate of our analysts suggests that existing DOT grant programs will reach an average level of at least \$13 billion during the period FY 1978 through FY 1982. (See attached chart.) Existing trust fund revenues to meet this need add up to only \$8.8 billion annually, leaving a gap of at least \$4.2 billion each year which must be met from general revenues. A new revenue source will have to be found both to protect the investment which the nation has in its transportation system and to project transportation effectively into the national effort to conserve and produce energy. Development of such a revenue source leaves available the present general fund money for unrestricted use in other areas.

Other numbers, such as those presented by Governor Busbee, suggest a funding crisis of even greater proportions. However, I believe we can contain this potential budget problem if we begin by finding a stable source for current expenditures and some limited additional spending in priority areas.

Reality #2 - Modal Special Interests are Active

With the highway and mass transit programs due to expire next year, the traditional modal interests are once again lobbying for their own special programs. The recently passed Senate mass transit bill was a product of those efforts. The potential erosion of the gas tax has many State officials searching for substitute funding sources for the maintenance of their roads. The highway builders are already lining up opposition to any changes in the Highway Trust Fund. Some States are promoting still another single-focus grant program to prevent the abandonment of rail branch lines. These special interest pleas can be contained, but cannot be ignored for long. To ignore them could subject us to perhaps \$4 billion in additional program costs.

*Brook -  
A transportation policy  
which is comprehensive  
is long overdue. Well  
head tax has been  
promised to taxpayers  
Gasoline tax will  
suit me. We'll  
discuss it with  
Jim J*

Reality #3 -- Congress will act.

Few constituencies are stronger or better organized on Capitol Hill than the transportation community. The Public Works Committees of both Houses are strong and traditionally independent. Legislation now being developed by Committee staffs would continue in large part the current uncoordinated transportation program. Our failure to state our intentions in transportation funding could lead these Committees to respond by "going it alone," leaving you the option of accepting ill-conceived legislation or vetoing bills which carry such popular titles as mass transit, highway construction, and airport safety and development.

Recommended Solutions

Several revenue solutions to the transportation budgetary gap are being given wide circulation on Capitol Hill. Some have more realistic potential than others:

---Use of a portion of the Corporate Income Tax---

Representative Howard, Chairman of the House Surface Transportation Subcommittee, had recommended a plan whereby at least 2% of the 48% Corporate Income Tax would be placed in a mass transit trust fund. This idea has been widely criticized for failing to raise transportation revenues from those who use the services, and has been withdrawn by Chairman Howard. no

---Imposition of a new gas tax---

Proposals range anywhere from 3¢-8¢, the former most recently subject of discussion by the Ad Hoc Energy Committee. The Public Works and Transportation Committee is looking at gas taxes as a source of highway and mass transit program financing. We are cooperating with DOE and the Ad-Hoc Committee in development of their proposal, yet you should know that our economic models indicate the tax would have to amount to at least 7¢ per gallon to have any impact on demand. There is little likelihood that a tax at this level could be passed this year, and even less likelihood of passage in 1978, an election year.

---Use of other energy-related taxes---

This idea has substantial and growing appeal since the use of energy taxes for transportation programs would be recognizable as a levy on users. In particular, there is a recognized need to help those states whose motor fuel receipts will be reduced through the efficiency and demand-reducing measures built into the energy program. Estimates presented by the Governors indicate that by 1985 state fuel tax revenues will decline, perhaps by as much as \$1 billion a year from current



levels, and this would occur simultaneously with dramatically escalating highway maintenance costs. Similarly, concern is raised over the current public transportation program level and its inability to meet needs in both urban and rural areas as we seek alternatives to the private automobile. As we focus on the transportation proposal, we need to be more comprehensive than just dealing with carpools and vanpools.

### Congressional Strategy

I see three ways to dedicate necessary funds to transportation:

(1) "The well-head transfer" -- This notion would have us dedicate approximately 40% of the so-called well-head revenues (that amount used for transportation) to a fund which, after final Congressional approval, would finance a national transportation program. This would produce a budgetary wash. An amount of money in general revenues equal to the amount drawn from the well-head taxes would be freed for immediate expenditure, and thus would not in any way interfere with your macroeconomic program. By placing these funds in escrow, we would attract support for the President's energy and transportation programs and would be able to leverage that money into votes in the Congress.

(2) "Delayed well-head program" -- As you know, the House Ways and Means Committee has approved a per capita rebate of only a single year. We could recommend next year the dedication of revenues as described in (1) above with the disadvantage that we would lose political leverage, but with the advantage that we would not further complicate, this year, your energy program.

(3) "Permanent gas tax" -- If this is the only option, I am prepared under your direction to fight this battle on Capitol Hill. I believe the passage of such a tax this year or next year to be possible, if the amount is reasonable. However, if we approve a minimal tax of 2¢ or 3¢ this year, we could lull the Congress and the public into the erroneous impression that the funding need has been responsibly met. If it becomes dedicated to uncoordinated uses, the transportation financing problem will become more difficult.

### The Ultimate Goal

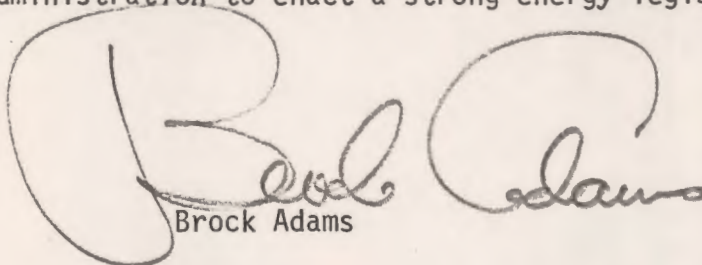
Flexibility and stability are the twin "musts" of transportation finance because transportation problems are expensive and long-term. We must provide the financing engine, but we must allow local and state officials to pilot their own systems and to make the hard choices among competing modes.



The funding framework I will recommend for implementing this plan is the attached National Transportation Account (NTA). That Account, and the programs to be funded out of it would:

- generate a secure funding mechanism broad enough to support not merely the narrow interest of any single mode, but the competing interests of all transportation modes;
- jointly evolve an approach whereby major programs could be reviewed systematically, allowing broad considerations of trade-offs, relative needs and basic program merits to be assessed, rather than looking at highways one year, UMTA another, and railroads still another;
- give state and local agencies flexibility to deal with problems at their levels without being impaired by narrow categories, varying funding ratios, and other procedural requirements;
- establish a coordinated process for developing state and local plans for transportation;
- finance the transportation system almost totally out of the pockets of users so that individual programs would no longer require subsidization by the general taxpayer; and
- promote stability of a traditional trust fund, allowing long term continuity to be made, without a corresponding loss of flexibility.

Once again, Senate passage of a mass transit bill, and our knowledge that both Houses are prepared to move on other transportation legislation, requires Administration action at this time -- at the very least a credible indication of future intent. It would take advantage of this opportunity to reshape transportation policy away from the era of massive construction towards a more conservative approach involving better use and maintenance of existing systems. One side benefit is that the dedication of an energy-related revenue source for transportation would provide the added support of the transportation constituency, particularly the governors and mayors, to the efforts of the Administration to enact a strong energy legislation.



Brock Adams

Attachment



NATIONAL TRANSPORTATION ACCOUNT  
AVERAGE ANNUAL FUNDING LEVEL FOR DOT GRANT PROGRAMS (1978-1982)  
WITH CURRENT SOURCES OF FUNDS  
FEDERAL GRANT PROGRAMS  
(BILLIONS \$)

Annual Funding Level--\$13.0B  
Misc. →  
Less Than \$.1

Mass Transit \$3.2
Rail \$1.3
Aviation \$.6
Highways \$7.9

Source of Funds--\$13.0B

General Fund \$4.2
Airport/Airway Trust Fund \$.6
Highway Trust Fund \$8.2

Excludes an average \$300M each year for noise reduction financing as included in H.R. 4539.

THE WHITE HOUSE  
WASHINGTON

July 18, 1977

Hamilton Jordan -

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

Re: Israeli Public Opinion

SECRET ATTACHMENT

*Package returned To Z B*